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UNCLAS SECTION 01 OF 02 BRASILIA 002653

SIPDIS

STATE PLEASE PASS TO IRS WASHDC
NSC FOR CRONIN
DEPT OF TREASURY FOR FPARODI, DGLASER, AND OFAC
BUENOS AIRES FOR BOGNANNO
BOGOTA FOR OLGA ACEVEDO

E.O. 12958: N/A

TAGS: [EFIN](#) [ECON](#) [SNAR](#) [PGOV](#)
SUBJECT: HEAD OF BRAZILIAN TAX AGENCY PROPOSES NEGOTIATION
OF A TIEA

¶1. (SBU) In a October 3 meeting with DCM, Jorge Rachid, head of Brazil's Receita Federal, and his International Affairs Advisor Zayda Manatta, proposed that Brazil and the USG negotiate a Tax Information and Exchange Agreement (TIEA). By facilitating the exchange of tax records and other data, our interlocutors stated, conclusion of such an agreement would benefit law enforcement investigators in both countries. Rachid noted that while the GOB preferred starting point for any negotiations was the Inter-American Center of Tax Administration (CIAT) model text, Brazil was also open to using any USG model TIEA as a base. Rachid left behind a formal letter to the Ambassador (paragraph 4) proposing the commencement of such talks. The mention in that correspondence of an August 23 meeting with USG money laundering authorities refers to the recent visit of Acting Treasury A/S Danny Glaser.

¶2. (SBU) DCM noted that while, in principle, we looked favorably upon such an initiative, we would need to consult with the IRS and other USG authorities on this issue. He pledged a speedy USG response to the Brazilian offer.

¶3. Action Request: For IRS WashDC and AmEmbassy Bogota (IRS Attache). Please provide us with formal instructions regarding how to respond to the GOB proposal.

¶4. Begin Text of Letter to Ambassador
(Separate originals in English and Portuguese)

To Your Excellency Brasilia 03 October 2005
Ambassador John Danilovich
United States Embassy in Brasilia

Dear Ambassador,

On occasion of the visit of the American delegation to the Receita Federal of Brazil to discuss the issue of money laundering on August 23, it became evident the importance of cooperation among the competent authorities with the purpose of fighting the various types of illicit activities, among them corruption, terrorism, narco-trafficking, tax evasion, and crimes related to money laundering.

We have been increasing our efforts to fight illegal activities and constantly searching to improve our work methods, with a view to the creation of a safe and favorable environment for the practice of legal acts. Illicit activities are a threat to societies and it is the main duty of institutions like ours to combat them with efficacy.

We thank the collaboration we have been receiving from the American government, which has importantly contributed to the achievement of our institutional goals, and we reaffirm our willingness to collaborate in projected aimed at the fight against illicit activity related to money laundering.

International cooperation is fundamental to make the acquisition of information more agile and, thus, enable a more efficient and efficacious combat against criminal activities that, in many occasions, have a strong transnational component.

Conscious of the relevance of cooperation among countries, it was emphasized, on the occasion of the aforesaid visit, the importance of the exchange of fiscal information between Brazil and the United States. In this manner, the celebration of an agreement with such a purpose is fundamental to the fulfillment of the above-mentioned goals.

We would like to propose, due to the discussions that took place during the meeting of August 23, the negotiation of an agreement for the exchange of information between our countries and, for such purpose, the use of the model developed within the scope of the Inter-American Center of Tax Administration (CITA).

Consequently, I would like to suggest that our officials meet in order to deepen discussions of this topic, and, in this sense, I would designate, for the purpose of scheduling

a meeting and handling other related issues, Mrs. Zayda Bastos Manatta, Head of International Affairs Tax Coordination, who can be reached through telephone number 55 61 3412-2733, fax 55 61 3224-5501 or e-mail: zayda.manatta@receita.fazenda.gov.br.

Finally, I reaffirm the importance we ascribe to relations between our countries and the positive results we have obtained through this partnership, which, I hope, can be increased through the agreement we are proposing.

Yours faithfully,

Jorge Antonio Deher Rachid
Secretary-General of the Receita Federal of Brazil

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End Text
DANILOVICH